

Working After Retirement

Because of a shortage of rail employees in certain occupations, a number of retired rail employees have recently asked the Railroad Retirement Board what effect a temporary or part-time return to railroad work would have on their annuities.

The Board advises that neither a regular annuity nor a supplemental annuity is payable under the Railroad Retirement Act for any month in which a retired employee works for a railroad employer, including labor organizations. This is true even if only one day's service is performed during the month. In addition, a spouse annuity is not payable by the Board for any month in which the employee's annuity is not payable, or for any month in which the spouse works for a railroad employer or railroad union.

Therefore, when a retired employee works, even on a part-time basis, for a railroad employer, both the employee and his or her spouse forfeit their railroad retirement annuities for the entire month in which the compensated service was performed.

Some retired employees have also raised the issue of whether returning to certain types of work for a railroad could be considered "consultant" service. The annuity of a retiree considered a consultant or contractor is subject to earnings deductions for net self-employment earnings, rather than suspension. However, this depends on whether or not the Railroad Retirement Board considers the person to be truly an independent contractor or consultant, or whether the Board considers the person to be functioning as an employee.

While the Board generally looks at these cases on an individual basis taking into account the particular circumstances of each case, a person performing service in certain types of occupations is almost always considered by the Board to be an employee, rather than an independent contractor or consultant; an example would be a person performing service as a locomotive engineer.

In any case, an annuitant needing to know whether contractor or consultant service is valid self-employment should contact the Board well in advance of making a commitment, so as to be sure of the effect on railroad retirement benefit payments.

(More)

For more information, retirees should contact the nearest Board field office. Most Board offices are open to the public from 9:00 a.m. to 3:30 p.m. Monday through Friday. The address of the nearest field office can be located by visiting the Board's Web Site at <http://www.rrb.gov>, looking in the telephone directory under "United States Government," or checking with a union representative, rail employer, local post office or Federal Information Center.

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